



National Bank  
of Ukraine

## Business Outlook Survey of Volyn Oblast\*

Q1 2022

**The survey was completed  
when the war started**



\*This survey only reflects the opinions of respondents in Volyn oblast (top managers of companies) who were polled in Q1 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Volyn oblast in Q1 2022 showed that on the eve of the war respondents continued to expect the output of Ukrainian goods and services to grow at a fast pace. They also expected an improvement in the performance of their companies over the next 12 months. Respondents expected higher inflation and rapid depreciation.

The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would rise at a fast pace:** the balance of responses was 57.1% (the highest expectations among the regions) compared to 36.4% in the previous quarter (Figure 1). Respondents across Ukraine expected a decrease in the output of Ukrainian goods and services (the balance of responses was (-1.7%))
- **prices for consumer goods and services would grow:** 50.0% of respondents expected that inflation would exceed 7.5%, compared to 36.4% in Q4 2021 and 67.7% across Ukraine. Respondents referred to production costs and the exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate rapidly:** 100.0% of respondents (compared to 81.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 81.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 11.1% compared to 18.2% in the previous quarter (see Table) and 7.2% across Ukraine
- **total sales would increase more quickly:** the balance of responses was 55.6% (compared to 45.5% in Q4 2021). Respondents also expected external sales to increase (the balance of responses was 33.3%, unchanged on the previous quarter) (see Table). The balances of responses across Ukraine were 17.0% and 23.3% respectively
- **investment in construction would increase significantly:** the balance of responses was 25.0% (compared to (-11.1%) in Q4 2021). At the same time, respondents expected **investment in machinery, equipment, and tools to increase moderately:** the balance of responses was 11.1%, as in the previous quarter (see Table). Across Ukraine, the balances of responses were 0.9% and 14.3% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% (compared to (-8.3%) in Q4 2021) (Figure 4). Overall, companies across Ukraine expected that their staff numbers would increase moderately, the balance of responses being 1.5%
- **both purchase and selling prices would grow rapidly:** the balances of responses were 100.0% and 87.5% (compared to 90.0% for each in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices and wage costs were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow at a slower pace:** the balances of responses were 77.8% for each (compared to 83.3% and 91.7% in Q4 2021) (Figures 4 and 6).

Companies cited high energy prices, raw material and supplies prices, qualified staff shortages, the tax burden and the unstable political situation as **the main drags on their ability to boost production** (Figure 5). The impact of qualified staff shortages was reported to have increased compared to the previous survey.

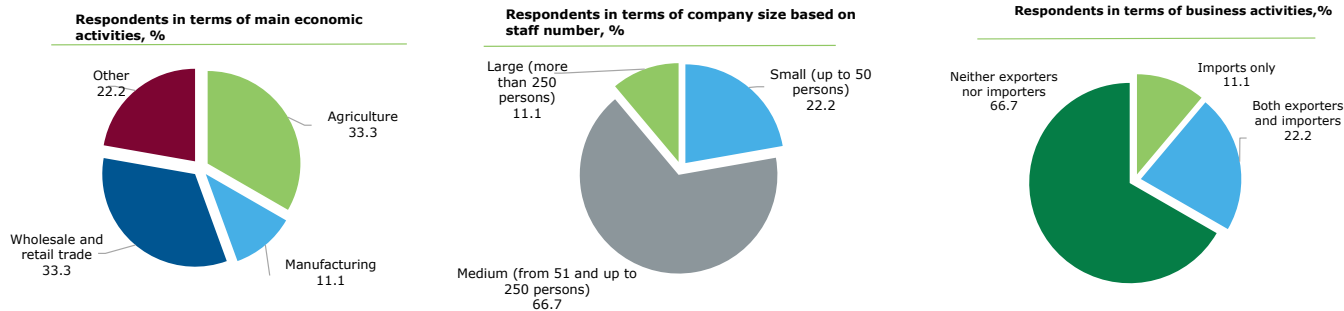
Respondents reported **moderate expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans opted only for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Respondents cited complicated paperwork (the impact of this factor was reported to have increased) and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.6% across Ukraine).

#### Assessments of financial and economic standings as of the time of the survey (Figure 3)

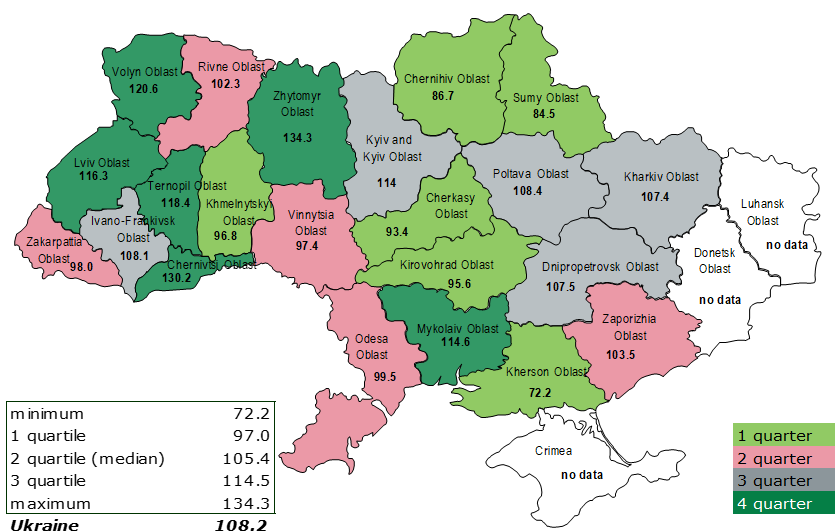
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 22.2% compared to 16.7% in the previous quarter. Across Ukraine, the balance of responses was 6.6%
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-20.0%) compared to (-16.7%) in Q4 2021.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to (-9.1%) in Q4 2021.

Survey Details<sup>1,2</sup>



- Period: 1 February through 22 February 2022.
- A total of 9 companies were polled.
- No economic activity was able to generate a representative sample.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</sup>a median is the value of the BOI in the middle of an ordered sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Volyn Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Financial and economic standings	-16.7	27.3	36.4	18.2	11.1
Total sales	20.0	54.5	16.7	45.5	55.6
Investment in construction	-10.0	-9.1	0.0	-11.1	25.0
Investment in machinery, equipment, and tools	-9.1	8.3	40.0	11.1	11.1
Staff numbers	0.0	0.0	-16.7	-8.3	0.0

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

<sup>2</sup> Data for totals and components may be subject to rounding effects.

<sup>3</sup> The business outlook index (BOI) is an aggregate indicator for expected business performance over the next 12 months. It is calculated using the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

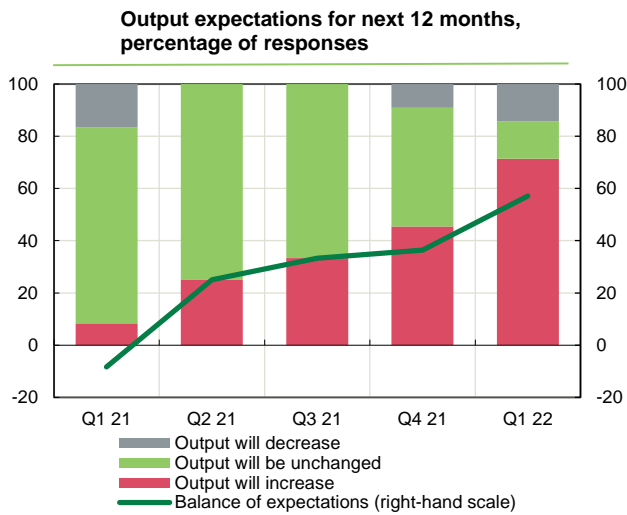


Figure 2

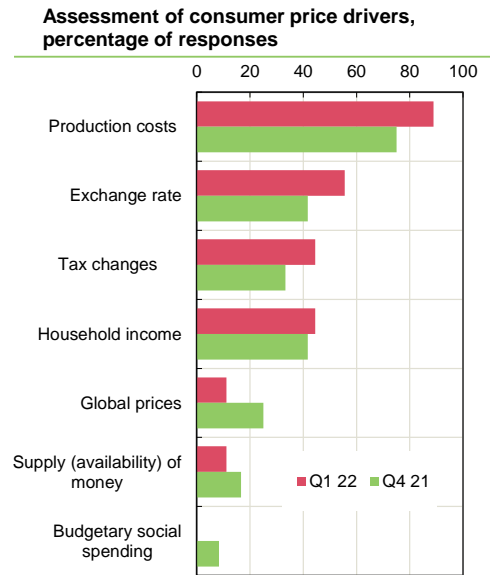


Figure 3

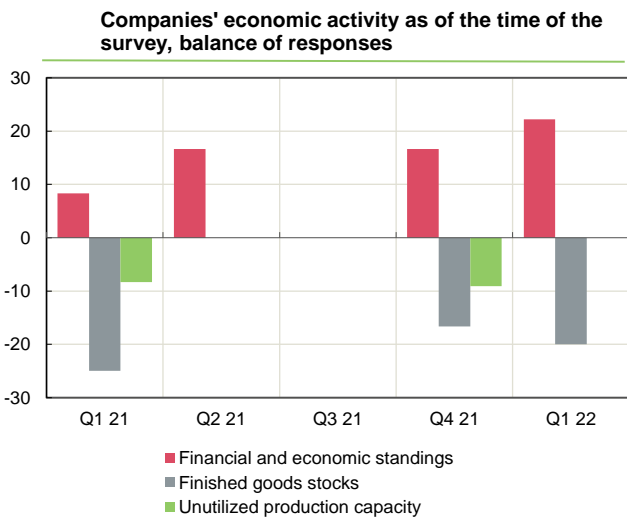


Figure 4

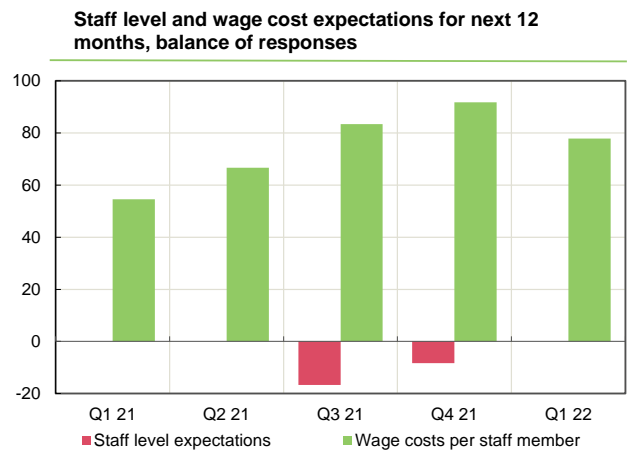


Figure 5

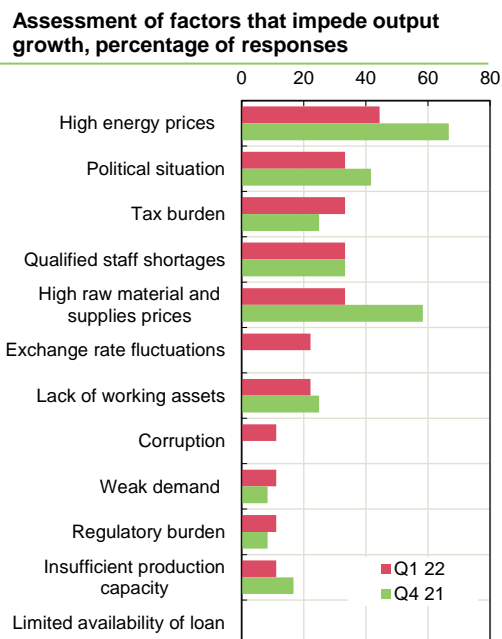


Figure 6

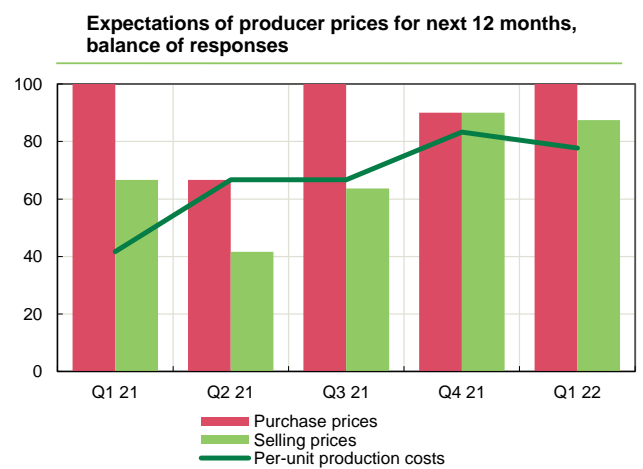


Figure 7

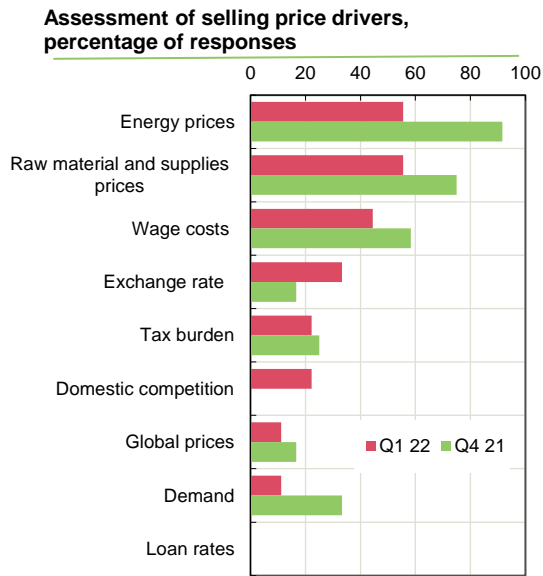


Figure 8

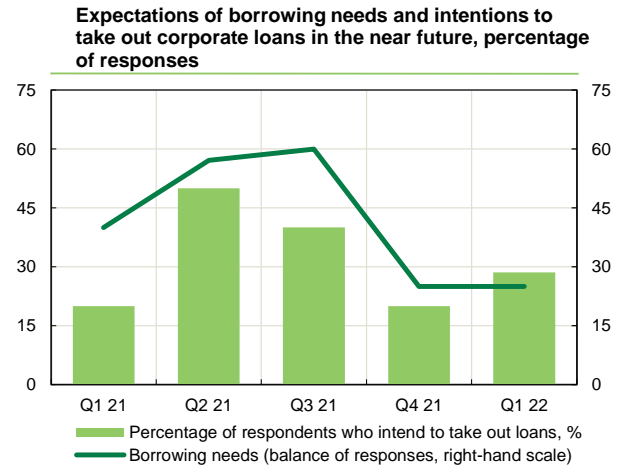


Figure 9

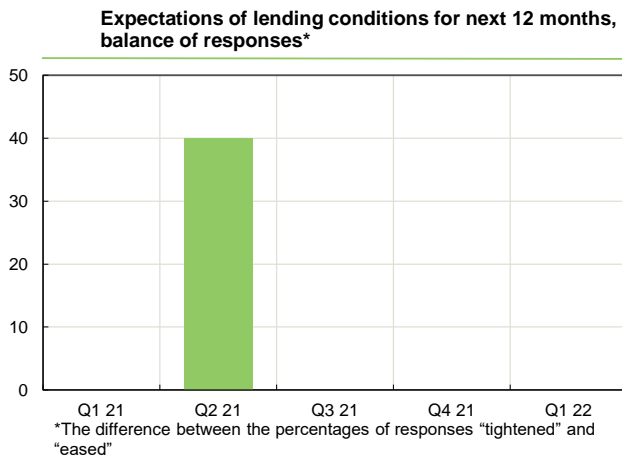


Figure 10

